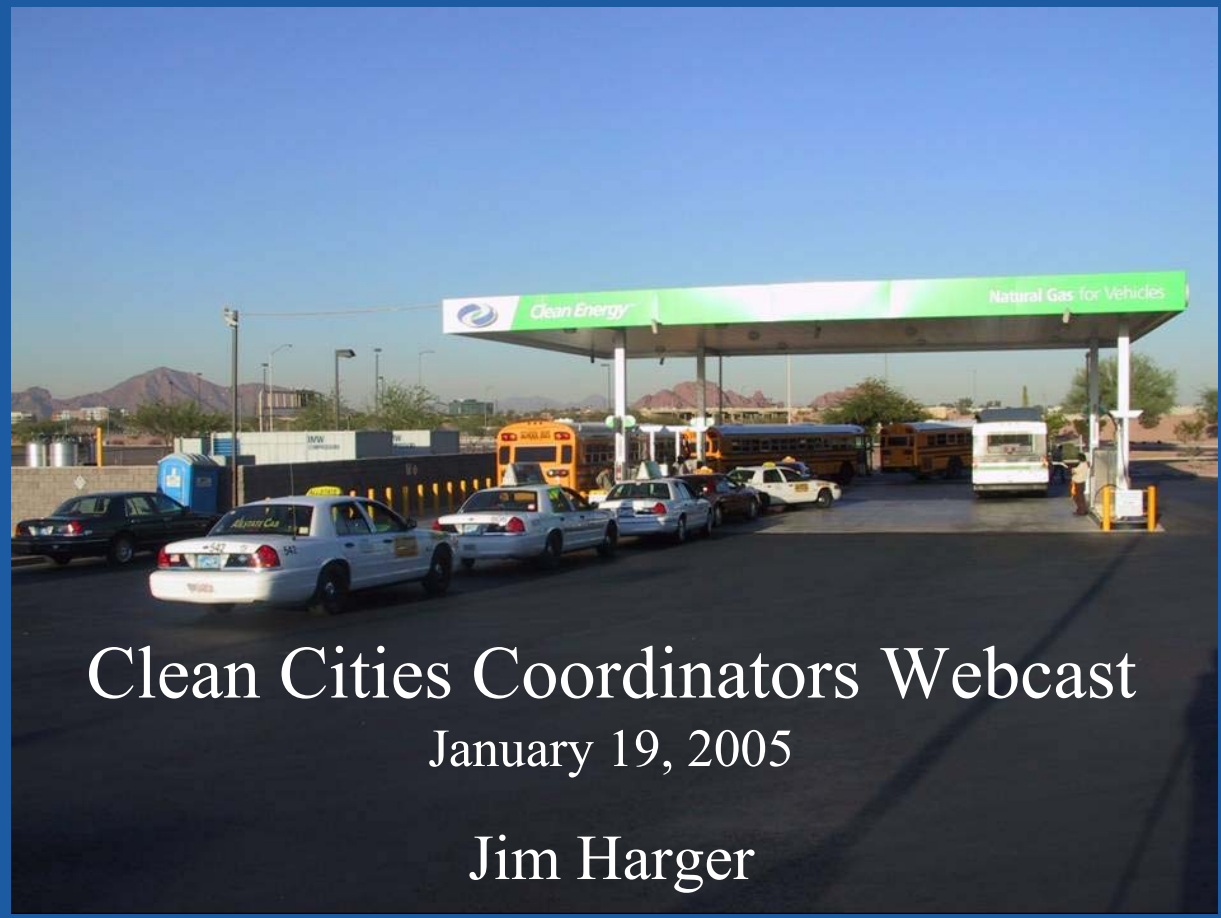
Clean Energy℠

North America's leader in clean transportation



Clean Cities Coordinators Webcast

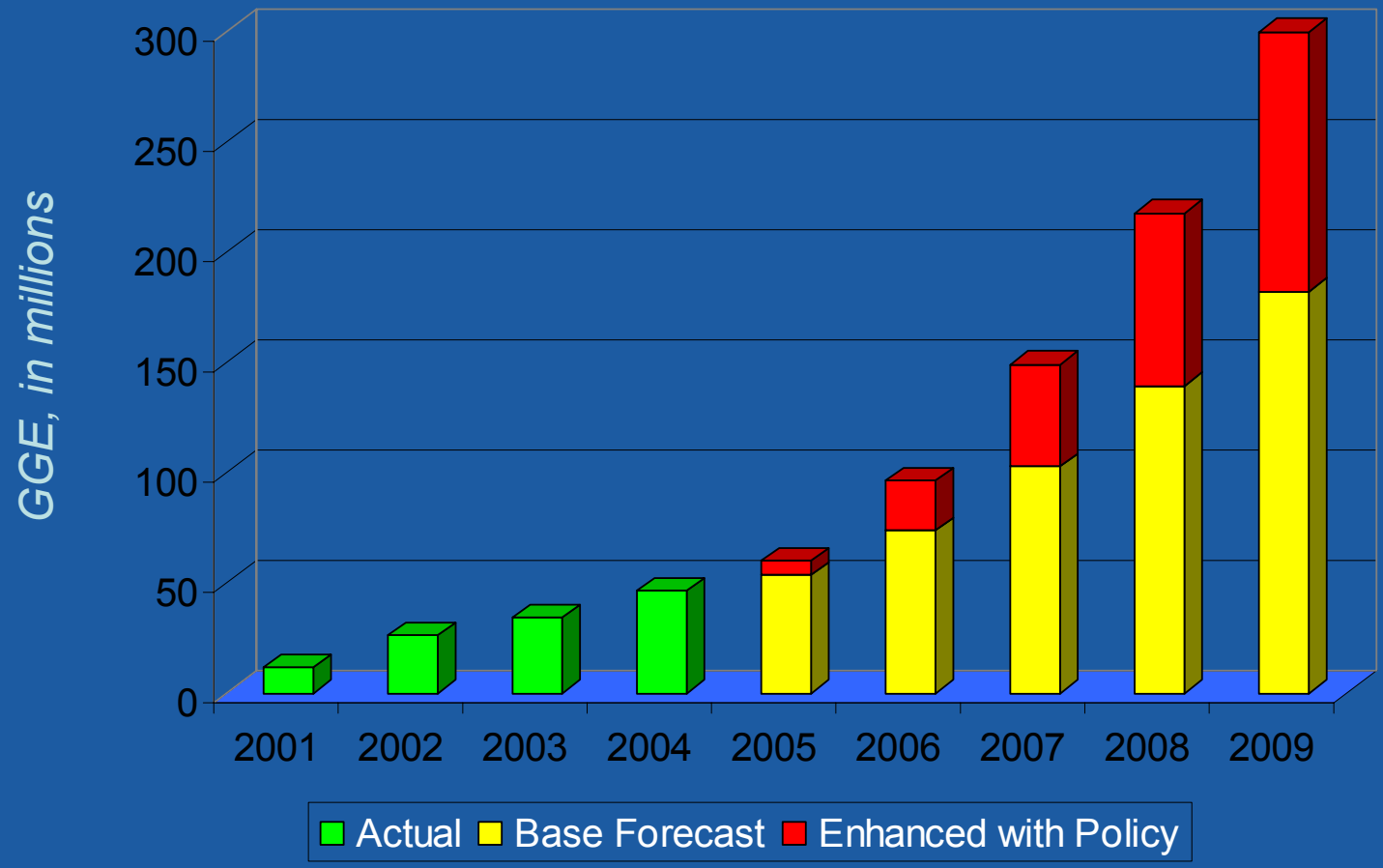
January 19, 2005

Jim Harger

Background

- Largest provider of vehicular natural gas (CNG and LNG) in North America
- Design, build, operate NG fueling stations
  - Over 160 in operation
  - Deliver LNG
- Good News, for 2004:
  - 47+ million gallons
  - $50+ million revenue
- Aggressive Marketing Plan to sell 300 million gallons in 2009

Total Volume Growth (CNG & LNG)



Why are we successful?

- We keep it simple
  - Taxis and Shuttle Vans
    - Make the business case for a skeleton network throughout a metropolitan area
  - Transit
  - Refuse
  - Airports
  - Industrial (off-pipeline) LNG
    - Western U.S. & Mexico

What is the Business Case?

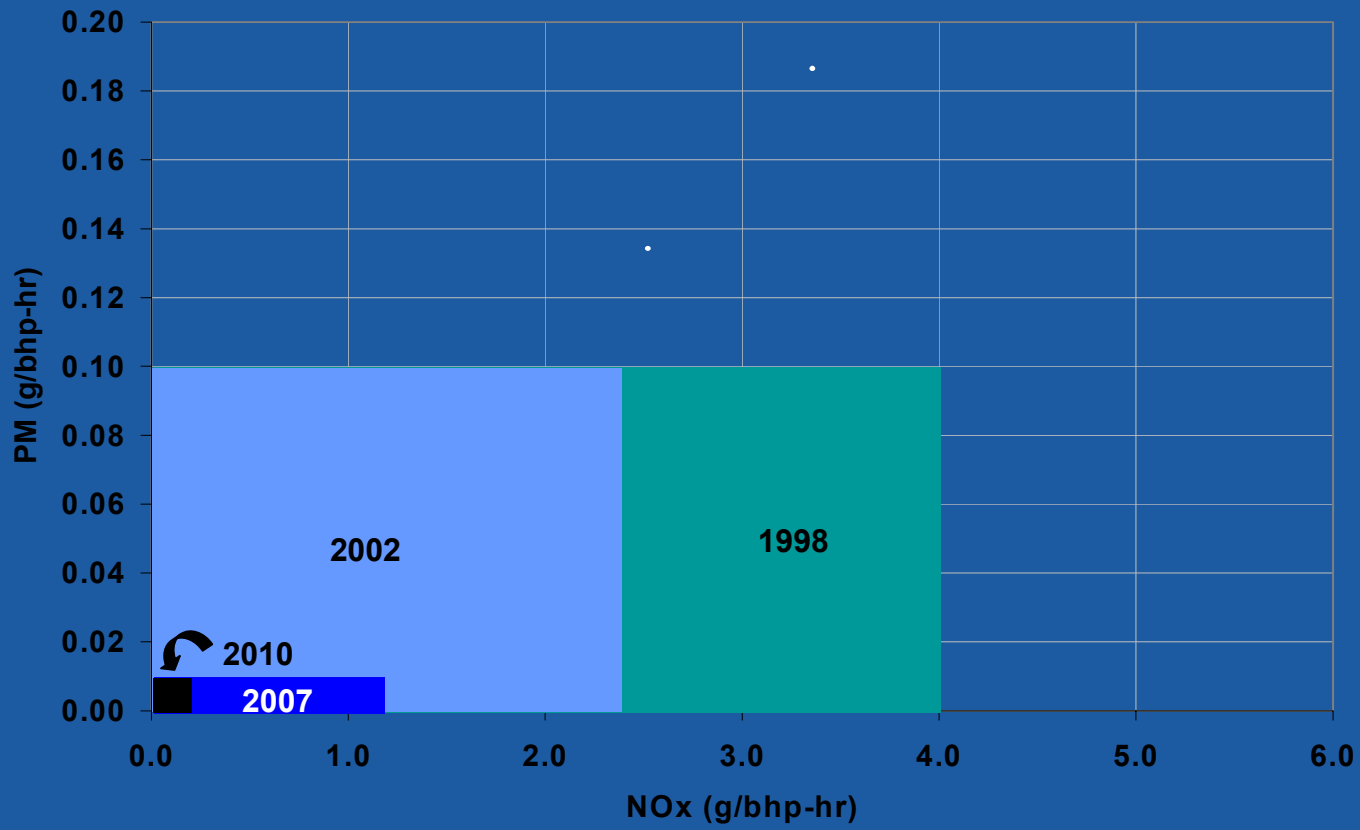
- High Volume Fleets that can achieve our ROR with a small number of vehicles
  - 200,000 gallons per year, minimum
- If applicable & private fleet allows, carve out 24 hour access dispenser area for other NG fleets
  - SunLine Transit (Indio & T-Palms)
  - WM (Moreno Valley & Palm Desert)
  - Foothill Transit (2005)
  - PHX RCC (2005)
- Retail Gasoline Stations hard to make business case
  - Unless a Taxi & Shuttle destination

Why Continued Growth?

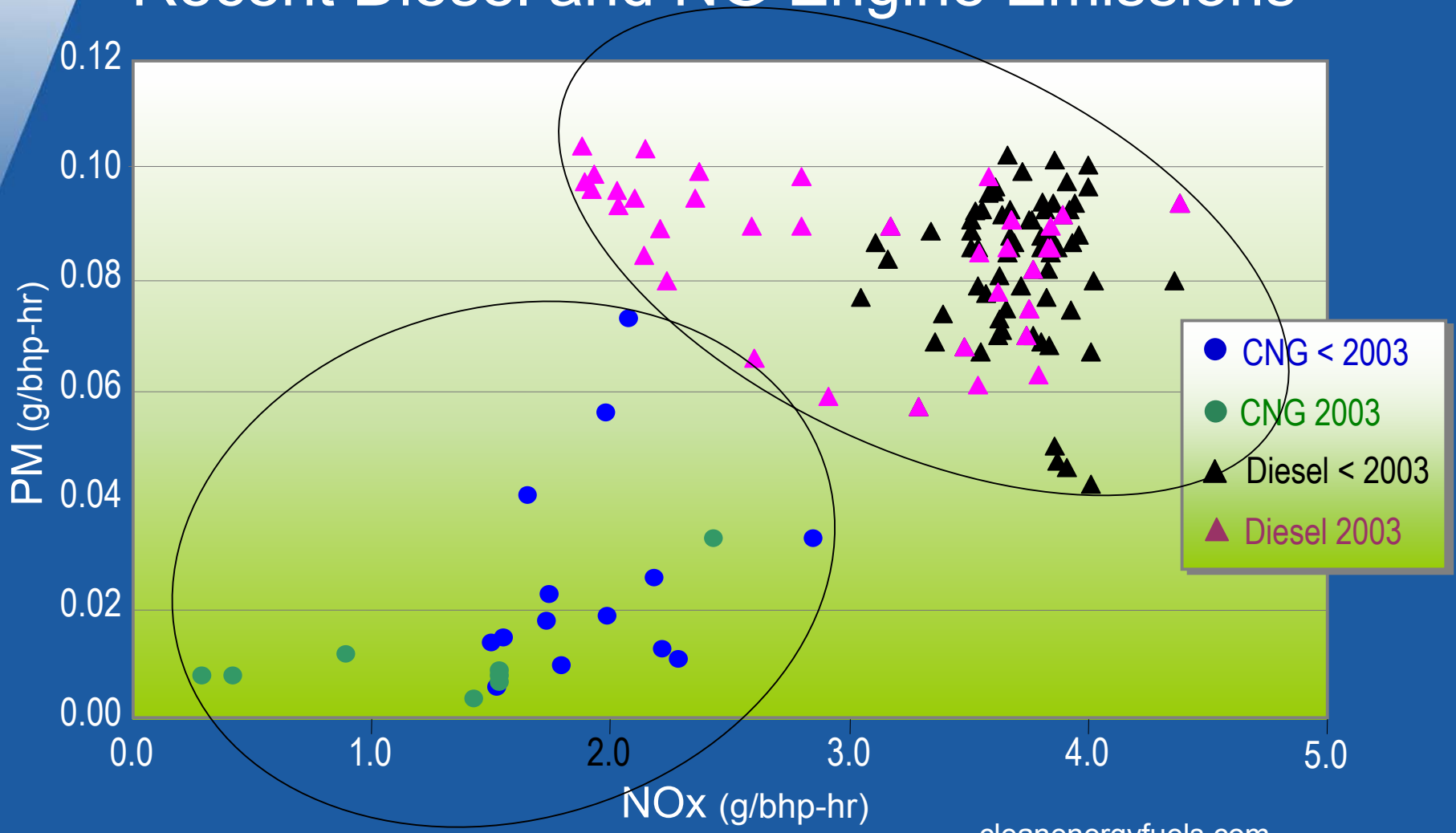
HD & LD Technology Drivers

- NG HD engines have distinct advantage of meeting 2010 HD engine standards in 2006
  - New vehicles and engine models continue to be made available for HD applications
    - Volvo 9 liter refuse truck (demo in South San Francisco)
    - Cummins L Gas Plus
    - Class 8 engines (Cummins & CAP) will be available in 2006
- GM and Honda
- Small Volume Manufacturers will take the place of some OEM models
  - Baytech (GM) & BAF (Ford)
  - All engines will meet SULEV

Diesel is getting cleaner, but not fast enough!



Recent Diesel and NG Engine Emissions



Source: U.S. DOE

Economic Drivers

- Global Energy Dynamics
  - High oil prices constrained by world production & increasing demand from China, India and others
  - Restricted US refinery production
  - Low Sulfur Diesel will be expensive!
    - Diesel engines costs will also increase
  - US NG will be supplemented by LNG import terminals
    - Large users (UEG) will move to other fuels
      - Coal and Nuclear
- NG Fuel Savings versus Gasoline and Diesel
  - NG hedging
- Grants for Incremental Vehicle Costs
  - $ have continued to increase over the last 10 years

Environment Drivers

- Air Quality Issues
  - EPA/Non-Attainment Areas
    - Arizona, California, New York, Texas, etc.
  - Penalties
    - States Will Lose Federal Funding
  - Greenhouse Gases and Climate Changes
  - Tourism
- Health Issues resulting from diesel exhaust
  - Lung Cancer
  - Asthma Sufferers
  - School Buses/Children

Government Drivers (Enhanced Policy)

- Diesel Emission Standards (2007 & 2010)
- State Mandates (e.g. California Transit Rule)
- Airport Fleet Mandates (OAK, PHX, SEA & SFO)
- Grant Money
  - TERP ($140 million per year through 2008)
  - Carl Moyer ($60+ million per year)
  - SCAQMD
  - Fine Money (SCAQMD, EPA)
- Clear Act ($.50 per gallon tax credits)
- Hydrogen
  - Reality Setting In (15 years out, minimum)
  - Natural Gas is Best Pathway

What's our Commitment

- Our Board approved our five-year plan that will require $75 million capital
  - California LNG Plant
  - 60+ new stations
  - Workforce increase for Marketing & Operations
- Committed $180K for Phase I development of a 13-liter engine with Clean Air Power & joint marketing program
  - Dual Fuel engine will meet 2010 standard in 2006
  - CE & CAP will seek $1.5 million to complete program

How can you help?

- Continue to promote Clean Cities Goals & Policies
  - Especially fuel diversification
- When possible, convince elected officials to include Alt Fuel Incentives for Muni Franchises
  - Refuse, transit, street sweeping, etc.
    - See attached brochure
- Any questions regarding NG
  - Call Jim Harger
    - (562) 493-2804 x223
    - jharger@cleanenergyfuels.com